

# MICHIGAN ECONOMIC INDICATORS

A newsletter on key economic indicators prepared by the Senate Fiscal Agency.

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## ECONOMIC HIGHLIGHTS

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- **Light vehicle sales** fell during November, dropping 0.7% from the October level and 0.1% from November 2005. While sales of imported light trucks fell 6.2% in November from the October level, they were still up 22.6% from one year ago. Sales of imported automobiles rose 3.5% in November from the October level and were 10.9% above the year-ago level. However, compared with November 2005, the increases in sales of imported vehicles were insufficient to offset lower sales of domestic automobiles, which were down 8.3%.
  - The **U.S. consumer price index (CPI)** remained constant in November, with prices in most major categories moving very little from the October level. Prices rose most rapidly in housing, followed by medical care, but were offset by declines in education/communication, apparel and transportation prices. Compared with a year ago, the CPI was up 2.0%, led by higher prices for medical care (3.7%) and housing (3.0%) that dominated the 3.8% decline in energy prices.
  - November **housing starts** were 6.7% above the October level but down 25.5% from the level in November 2005. Starts of single-unit structures accounted for most of the monthly overall increase in housing starts. On a monthly basis, starts increased in the Northeast and South, but fell in the Midwest and West. Compared with year-ago levels, starts were also down most significantly in the Midwest and West, falling 42.3% and 36.8%, respectively.
  - The final estimate for **inflation-adjusted Gross Domestic Product (GDP)** indicated an annualized growth rate of 2.0% in the third quarter of 2006. The decline in residential investment, reflecting the slowdown in the housing market, lowered overall growth by 1.2 percentage points. Durable goods consumption exhibited the greatest improvement in growth compared with the second quarter, going from a 0.1% annualized decline to growth of 6.4%.
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- Michigan **wage and salary employment** increased by 6,000 jobs in November from the October level but was 27,000 jobs below the November 2005 level. Most sectors remained relatively flat during November, compared with the October level, with the professional/business services sector exhibiting the largest change with a gain of 3,100 jobs. Manufacturing employment fell by 2,100 jobs and was 40,000 jobs below the level one year ago.
- Michigan **personal income** increased 1.5% in the third quarter from the second quarter, compared with the national average of 1.4%. Michigan's growth rate ranked 17<sup>th</sup> among the states, was the strongest among the five Great Lakes states, and except in Arkansas, Florida and Louisiana, was stronger than the rate of growth in any state east of the Mississippi. Michigan's performance reflected strong growth in manufacturing earnings, which added 0.5 percentage point to the growth rate—the greatest contribution among the states. Earnings for State/local government added 0.1 percentage point to the growth rate, the third lowest contribution among the states.
- November **revenue from Michigan's major taxes** was down 0.4% from one year ago, primarily due to weak collections from the sales tax and the single business tax.



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**U.S. & MICHIGAN LABOR MARKET NEWS**  
(Seasonally adjusted, thousands)

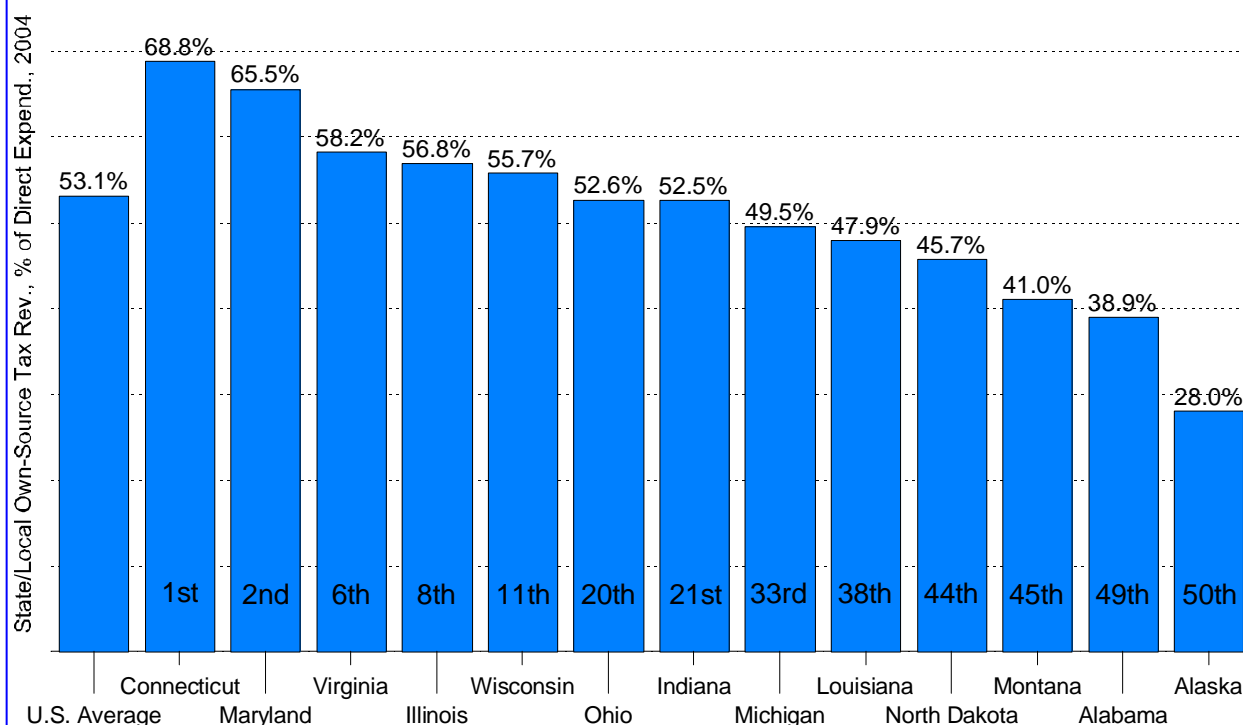
U.S.	Nov. 2006	Oct. 2006	Nov. 2005	<u>Change from Oct.</u>		<u>Change from Year Ago</u>	
				Number	Percent	Number	Percent
Labor Force	152,381	151,998	150,183	383	0.3%	2,198	1.5%
Employment	145,564	145,287	142,611	277	0.2	2,953	2.1
Unemployment	6,817	6,711	7,572	106	1.6	(755)	(10.0)
Unemployment Rate	4.5%	4.4%	5.0%	---	---	---	---

Michigan	Nov. 2006	Oct. 2006	Nov. 2005	<u>Change from Oct.</u>		<u>Change from Year Ago</u>	
				Number	Percent	Number	Percent
Labor Force	5,080	5,110	5,102	(30)	(0.6)%	(22)	(0.4)%
Employment	4,731	4,759	4,768	(28)	(0.6)	(38)	(0.8)
Unemployment	350	351	334	(2)	(0.5)	15	4.6
Unemployment Rate	6.9%	6.9%	6.5%	---	---	---	---

**Source:** Bureau of Labor Statistics, U.S. Department of Labor

**States Vary in Their Reliance Upon Their Own Taxes  
to Fund Expenditures**



**Source:** Bureau of the Census, U.S. Department of Commerce

<b>MICHIGAN WAGE AND SALARY EMPLOYMENT</b> (Seasonally adjusted, thousands)							
	Nov. 2006*	Oct. 2006	Nov. 2005	<u>Change from Oct.</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
<b>Total Nonagricultural Jobs</b>	4,362	4,356	4,389	6	0.1%	(27)	(0.6)%
<b>Goods Producing Industries</b>	838	841	881	(3)	(0.3)	(43)	(4.9)
Natural Resources & Mining	8	9	8	(0)	(1.2)	0	1.2
Construction	191	192	194	(0)	(0.2)	(3)	(1.3)
Manufacturing	639	641	679	(2)	(0.3)	(40)	(5.9)
Transportation Equipment	212	213	238	(1)	(0.5)	(27)	(11.2)
<b>Service Producing Industries</b>	3,523	3,515	3,507	8	0.2	16	0.5
Trade, Transportation & Utilities	788	788	803	0	0.1	(15)	(1.9)
Information	67	67	67	0	0.3	0	0.3
Financial Activities	220	221	219	(0)	(0.2)	1	0.5
Professional & Business Services	607	604	591	3	0.5	16	2.7
Education & Health Services	578	576	569	2	0.3	9	1.6
Leisure & Hospitality Services	412	410	407	2	0.4	5	1.2
Other Services	179	178	179	1	0.6	(0)	(0.1)
Government	673	673	673	1	0.1	(0)	(0.0)

**Source:** Bureau of Labor Statistics, U.S. Department of Labor

\* Preliminary

<b>MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS</b>						
Industry	<u>Average Weekly Hours</u>			<u>Average Weekly Earnings</u>		
	Nov. 2006	Year Ago	Percent Change	Nov. 2006	Year Ago	Percent Change
Construction	37.2	38.8	(4.1)%	\$802.03	\$864.08	(7.2)%
Manufacturing	42.0	42.2	(0.5)	925.26	918.69	0.7
Durable Goods	42.8	43.2	(0.9)	1,022.92	1,013.04	1.0
Motor Vehicle Manufacturing	42.3	43.7	(3.2)	1,338.80	1,359.51	(1.5)
Motor Vehicle Parts Manufacturing	42.5	42.4	0.2	1,162.80	1,191.44	(2.4)
Nondurable Goods	39.6	38.5	2.9	615.78	579.81	6.2
Wholesale Trade	39.7	38.5	3.1	759.86	724.96	4.8
Retail Trade	30.5	29.3	4.1	368.44	351.01	5.0
Grocery Stores	26.7	26.5	0.8	246.44	217.30	13.4
General Merchandise Stores	30.3	30.4	(0.3)	317.54	314.64	0.9
Information	35.2	35.3	(0.3)	725.12	688.70	5.3
Financial Activities	34.5	34.0	1.5	629.97	592.96	6.2
Professional & Business Services	34.8	34.1	2.1	671.64	617.89	8.7
Health Care & Social Assistance	35.7	33.2	7.5	585.48	544.81	7.5
Leisure & Hospitality	22.5	22.7	(0.9)	191.03	188.86	1.1
Automobile Repair & Maintenance	36.1	35.8	0.8	559.91	531.27	5.4
Personal & Laundry Services	25.0	25.5	(2.0)	315.75	287.13	10.0

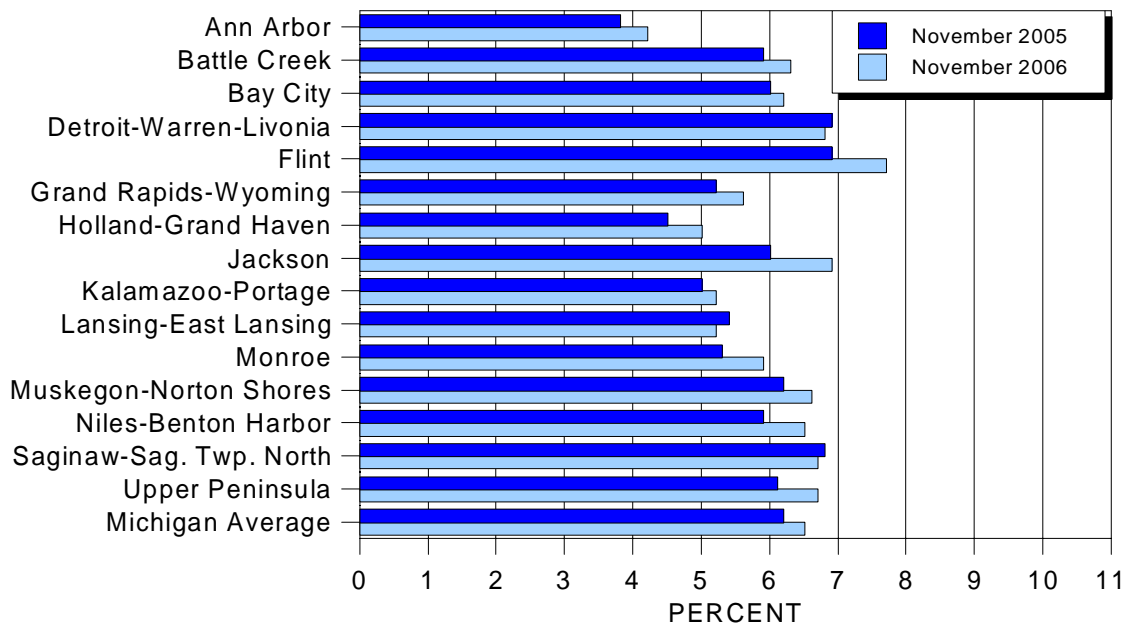
**Source:** Bureau of Labor Statistics, U.S. Department of Labor

**MICHIGAN UNEMPLOYMENT RATES  
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS  
(Not Adjusted for Seasonal Variations)**

	Nov. 2006*	Oct. 2006	Sept. 2006	Oct. 2005
<b>Metropolitan Statistical Areas</b>				
Ann Arbor	4.2%	4.1%	4.6%	3.8%
Battle Creek	6.3	6.2	6.8	5.9
Bay City	6.2	5.7	6.4	6.0
Detroit-Warren-Livonia	6.8	6.7	7.0	6.9
Flint	7.7	7.3	8.1	6.9
Grand Rapids-Wyoming	5.6	5.3	6.0	5.2
Holland-Grand Haven	5.0	4.6	5.2	4.5
Jackson	6.9	6.5	7.3	6.0
Kalamazoo-Portage	5.2	4.8	5.4	5.0
Lansing-East Lansing	5.2	5.0	5.7	5.4
Monroe	5.9	6.3	6.8	5.3
Muskegon-Norton Shores	6.6	6.3	6.9	6.2
Niles-Benton Harbor	6.5	6.1	6.8	5.9
Saginaw-Saginaw Twp North	6.7	6.3	7.1	6.8
<b>Multi-County Areas</b>				
Northeast Lower Michigan	8.6	6.7	7.1	7.6
Northwest Lower Michigan	7.0	5.6	6.1	6.2
Upper Peninsula	6.7	5.2	5.8	6.1
<b>Michigan Statewide Average</b>				
-- Unadjusted (comparable to figures shown above)	6.5	6.1	6.7	6.2
<b>Source:</b> Michigan Department of Labor and Economic Growth				*Preliminary

## Michigan Regional Unemployment Rates

November 2005 and November 2006

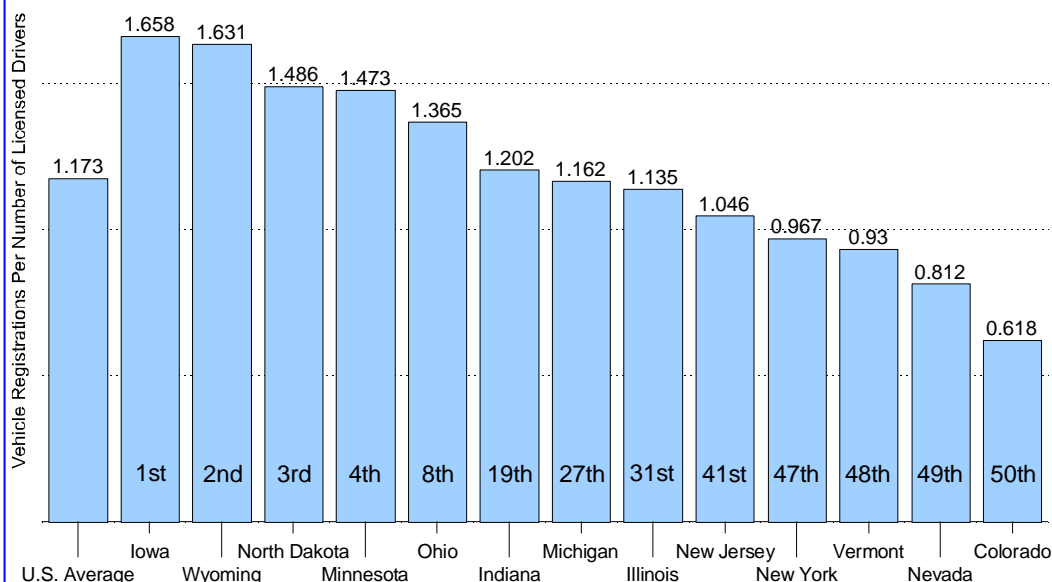


Source: Michigan Department of Labor and Economic Growth

**MOTOR VEHICLE SALES AND PRODUCTION STATISTICS  
(Thousands of Units)**

	Nov. 2006	Oct. 2006	Sept. 2006	Aug. 2006	Year Ago Nov.	Percent Change From:	
						Nov./Oct.	Nov. 2006/ Nov. 2005
<b>Motor Vehicle Sales<sup>1,2)</sup></b> (thousands of units, SAAR)							
Autos	7,404	7,333	7,644	7,700	7,636	1.0%	(3.0)%
Domestics	5,077	5,084	5,333	5,304	5,537	(0.1)	(8.3)
Imports	2,327	2,249	2,311	2,396	2,099	3.5	10.9
Import Share	31.4%	30.7%	30.2%	31.1%	27.5%	---	---
Light Trucks	8,594	8,775	8,936	8,315	8,378	(2.1)	2.6
Domestics	7,163	7,250	7,582	7,130	7,211	(1.2)	(0.7)
Imports	1,431	1,525	1,354	1,185	1,167	(6.2)	22.6
Import Share	16.7%	17.4%	15.2%	14.3%	13.9%	---	---
Subtotal: Light Vehicle Sales	15,998	16,108	16,580	16,015	16,014	(0.7)	(0.1)
Heavy Trucks	543	559	550	542	512	(2.9)	6.1
Total Vehicle Sales	16,541	16,667	17,130	16,557	16,526	(0.8)	0.1
<b>U.S. Motor Vehicle Production<sup>1,2)</sup></b> (millions of units, SAAR)							
Autos	4,262	4,438	4,468	4,306	4,410	(3.9)	(3.3)
<b>Michigan Motor Vehicle Production<sup>2,3)</sup></b> (thousands of units, SAAR)							
Autos	1,153	1,114	976	1,132	1,238	3.5	(6.9)
Trucks	1,204	903	906	1,323	1,061	33.4	13.4
Total	2,357	2,016	1,882	2,455	2,300	16.9	2.5
Michigan Production as % of U.S.	20.9%	18.7%	18.7%	19.8%	17.4%	---	---
<b>U.S. Motor Vehicle Inventories<sup>4)</sup></b>							
Total Car	1,508	1,383	1,263	1,223	1,333	9.1	13.1
Days Supply	67	61	49	44	59	9.8	13.6
Total Truck	2,006	2,019	2,023	2,018	2,294	(0.6)	(12.6)
Days Supply	79	78	76	74	96	1.3	(17.7)

**Sources:** 1) U.S. Department of Commerce, Bureau of Economic Analysis. 2) SAAR = Seasonally Adjusted at Annual Rates. 3) Michigan Department of Treasury, Office of Revenue and Tax Analysis and the Senate Fiscal Agency. 4) Automotive News, Crain Communications, Inc. (ending inventory)

**Average Number of Vehicles Per Licensed Driver  
Selected States, 2004**


Source: U.S. Department of Transportation, Highway Statistics, 2004

OTHER KEY ECONOMIC INDICATORS

Variable	Latest Period	Actual Data			Percent Chng From	
		Latest Period	Previous Period	Year Ago	Previous Period*	Year Ago
<b>Weekly Leading Index</b> , monthly <sup>1)</sup> (1992=100)	Nov.	137.5	136.1	134.9	1.0%	1.9%
<b>Coincident Index</b> <sup>1)</sup> (1992=100)	Nov.	152.3	151.6	146.6	0.5	3.9
<b>Housing Starts, U.S.</b> <sup>2)</sup> (thousands of units, SAAR)	Nov.	1,588	1,488	2,131	6.7	(25.5)
<b>Retail Sales, U.S.</b> <sup>2)</sup> (billions, seasonally adjusted)	Nov.	\$332.2	\$328.6	\$315.4	1.1	5.3
<b>Industrial Production Index</b> <sup>3)</sup> (1997=100, seasonally adjusted)	Nov.	112.3	112.1	108.2	0.2	3.8
<b>Capacity Utilization</b> <sup>3)</sup> (% of total capacity, seasonally adjusted)	Nov.	81.8	81.8	80.7	(0.0)	1.3
<b>Consumer Price Index</b> <sup>4)</sup> (1982-84=100)						
U.S. (seasonally adjusted)	Nov.	201.7	201.7	197.8	0.0	2.0
Detroit (not seasonally adjusted)	Oct.	196.6	198.6	195.1	(5.9)	0.8
<b>Interest Rates</b>						
3-month Treasury Bill <sup>3)</sup>	Nov.	4.95%	4.89%	3.90%	---	---
Corporate Aaa Bonds <sup>3)</sup>	Nov.	5.33%	5.51%	5.42%	---	---
<b>Real Gross Domestic Product</b> <sup>5)</sup> (billions of 2000 \$, SAAR, Chain-Weighted)	2006 3rd Qtr.	\$11,443.5	\$11,388.1	\$11,115.1	2.0	3.0
<b>Michigan Tax Collections</b> <sup>6)</sup> (12 major taxes, millions)	Nov. 2006	\$1,762.4	\$2,749.9	\$1,769.8	NM	(0.4)

SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

\*Note: Percent changes from previous period for CPI and GDP at annual rate.

**Sources:** 1) Economic Cycle Research Institute 2) U.S. Department of Commerce, Bureau of the Census. 3) Board of Governors of the Federal Reserve System. 4) U.S. Department of Labor, Bureau of Labor Statistics. 5) U.S. Department of Commerce, Bureau of Economic Analysis. 6) Michigan Department of Treasury and the Senate Fiscal Agency.

